“A Study of Impact of GST (Goods and Services Tax) on Micro, Small and Medium Enterprises Business Sector in Marathwada Region”

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"A Study of Impact of GST (Goods and Services Tax) on Micro, Small and Medium Enterprises Business Sector in Marathwada Region"

1. Introduction:-

Goods & Services Tax (GST) is a taxation that was introduced in India on 1 July, 2017 and was applicable throughout India that replaced multiple cascading taxes by the central and state governments. The GST biggest indirect tax differently impacted on an Indian economy and also it has positive and negative impact on MSME. The main aims of GST to enforce a unified taxation system in the country the plausible reduction in taxes through the provision of input tax credit.

The Goods and Services Tax is a Major taxation reforms implemented in India to subsume all sorts of indirect tax in India like Sales Tax/VAT, Excise duty, entertainment tax etc. and implement one taxation system in India. It is the one of the biggest indirect tax playing a very vital role in Indian economy. The implementation of GST with main tax slabs of 0%, 5%, 12%, 18% and 28% have been adopted. GST will be a major contribution in the GDP in India as to Most of the countries part of the study.

Goods and Services tax play significant role in the important of MSME's business sector. (MSME) Micro, Small and Medium Enterprise playing crucial role in the economic development of India and their contribution to the manufacturing output, provision of employment opportunities, promoting balanced economic development, increasing foreign exchange earnings and exports. Goods and Services tax should focus on increase in the growth of MSME's sector. Goods and Services tax play significant role in the improvement of MSME's sector. The benefit of Goods and Services tax will be higher on Indian industry, especially MSME's. MSME'scontribute towards the growth of the economy by bringing in new innovation, creating new investment and employment opportunities in the economy. The recent research to study the impact of GST on MSME's business especially in Marathwada region.

2. Review of Literature:

The present study is designed with a view to examine "A Study of Impact of GST (Goods and Services Tax) on Micro, Small and Medium Enterprises Business Sector in Marathwada Region"

A comprehensive review of literature is essential for good research. The review of past studies provides valuable insights into the benefits and drawbacks relating to GST.

Review of literature plays vital role in procuring information regarding the work done in the past by various researchers and provides useful guidelines in formulating the theoretical framework of research at the time of investigation; keeping this point in view an attempt has been made this chapter to give a brief account of literature reviews and evaluate various, concept, related to the role of impact of GST on micro, small and mediumbusiness enterprises. The reviews of past studies are supporting to find out proper way to the present study.

2.1 Shetty Deepa Thangam Geeta (2019)[1]: Study report title " Impact of GST on MSME's" to examineTax is a method of collection revenue from people, corporations or different entities by the govt. so as to finance state expenditure. It is considered as the most important source of government's income to drive economic growth and achieve the status of a developed country and high income. Goods and service Tax (GST) combines each the present Central and State Taxes within the country into a solitary tax, thereby eliminating the twin taxation system and facultative a joint nationwide market. The implementation of this tax permits the govt. to possess an improved hold on the taxpayers, which, in turn, improves the

entire tax pattern and has many alternative advantages. This MSME sector of the market has been deliberated because of the chief development driver of the Indian economy for years. MSMEs have emerged because of the principal employment-creating section in India and havedelivered stable growth through numerous sectors of our developing nation. The impact of GST on MSME has brought vast change. This study will be useful for MSMEs entrepreneurs to overcome the negative impact through GST implementation.

2.2 Shivani (2019)[2]:in his article on "Impact of GST on Micro, Small and Medium Enterprises" pointed out that the Goods and Services Tax (GST) is appararently a long term scheme. It would lead to rise in output, employment opportunities and economic development and progress of the nation. However, in the initial phase of its implementation it is likely to increase the administrative difficulties and the compliance cost. MSME's would be able to derive the advantages of GST, if they are able to revitalize their business processes and systems in line with compliances as required under this law, as it would not be operationally feasible for an MSME's to operate out of credit chain. With technology &robust IT infrastructure, compliance

can be made simple. MSMEs will need to have the courage to comply with the tax laws & ultimately contribute towards the growth of the nation. The shift from the traditional tax system to GST is considered as a 'behavioral change' more than a tax changes because its successful implementation depends to a great extent on how quickly businesses adapt to the digital format of taxation.

2.3 Kritika Somani (2018)[3]: in his article on "GST: Impact of GST on Micro Small & Medium Enterprises" pointed out that the India's paradigm shift to the Goods and Services tax regime in July will increase the compliance costs and snare a majority of them into the Indirect tax net for the first time.GST is a proposed legislation in India which proposes a unified nation-wide value added tax to be implemented in India. It is introduced by the 101st amendment of Indian constitution by Modi government on 1st July 2017. MSME is Micro, Small and Medium Enterprises. MSME sector is the backbone of Indian economy as it account for 25% of employment, 45% of industrial output and 40% of exports of the country and it also contribute significantly to gross value added of the country. MSME is the second largest sector for employment generation,

after agriculture, in India. MSME's are the primary growth drivers of the economy. They are the most various agencies which play a crucial function in the boom and development in an Indian economy.

2.4 Mrugakshi Rajhans (2018)[4]: is completed research on "Impact of government financial Initiatives on the development of micro small and medium scale enterprises in Pune district"The government has been introducing many schemes to promote the MSME's in India. These schemes help the MSME's to sustain and grow. The financial schemes introduced after liberalization have proved to be very beneficial. The impact of financial schemes on the sustenance and growth of the MSME sector is the topic for the research work. The place of research considered is Pune District, which is in the state of Maharashtra which is one of the largest states in India on the basis of population and also considering the geographic area. It is also one of the most industrialized states. It is also the pioneer state for starting the small scale industries for the country. Pune District is one of the important industrial centers of Maharashtra. It has a strong MSME industrial base. This industrial area consists of automobile industry,

manufacturing industry, service sector industry and IT industry. It is also progressing in the education industry.

2.5 Dr. Harish N. (2019)[5]: in their research paper on, "Impact of GST on Micro, Small and Medium Enterprises" has reviewed that, Small and Medium Enterprises (SMEs) have been considered as the primary growth driver of the Indian economy for decades. It is further evident from the fact that today we have around 3 million SMEs in India contributing almost 50% of the industrial output and 42% of India's total export. For a developing country like India and its demographic diversity, SMEs have emerged as the leading employment-generating sector and has provided balanced development across sectors. Let's examine what would be the impact of GST on Small & Medium Enterprises. After the passage of the Goods and Services Tax (GST) Bill, the Industry is hailing the government for bringing up this reform which has been long pending because of political deadlocks.

3. Objective of Study:

1. To study the GSTimplementation objects and process in India.

2. To study the positive and negative impact of GST on MSMEs business sector in Marathwada Region.
3. To highlight the problems related of GST on MSMEs especially in Marathwada Region.
4. To study the compliance procedure of GST on MSMEs.
5. To examine the challenges MSMEs towards GST.

4. Need and Importance of Study:

The Micro, Small and Medium Enterprises is animportantsegment of Indian economy. The MSMEs sector contributes to a considerable extent to the GDPof our country and development especially in the industrial sector. The MSMEs sector an important role is played by the numerous clusters that have been in existence for decades and sometimes even for centuries.

5. Hypothesis of Study:

H_1: Positive impact of GST on MSMEs in Business sector in Marathwada Region.

H_0: Negative impact of GST on MSMEs in Business sector in Marathwada Region.

H_0: There are various problems related to GST on MSMEs Business Sector.

H_1: There are no problems related to GST on MSMEs Business Sector.

6. Research Methodology:

The present study consists by both primary and secondary data.The Primary data will be collected the structured questionnaire and interview schedule selected MSMEs industry on GST in Marathwada Region. The Secondary data have been collected from the Books, Text Books, Journals, Magazines, Articles, Research paper, Government Gazettes, District GST Office, Report of the Government, handbooks, pamphlets and unpublished reports.

7. Sampling:

Sampling is a process used in statistical analysis in which a predetermined number of observations are taken from a larger population.The methodology used to sample from a larger population depends on the type of analysis being performed, but it may include simple random sampling or systematic sampling. A proper sampling technique may have great effect on the authenticity of outcome of research. In the using study technique of Non-random Sampling technique has been used to collect the data. In this research study the Marathwada region consists of eight districts

namely Aurangabad, Jalna, Latur, Beed, Usmnabad, Parbhani, Nanded and Hingoli.

To study the above all eight Marathawada District will be selected.

8. Sample Procedure:

In this research study 08 GST Office district of marathwada region have been selected in this study.

9. Geographical Area Covered:

In the coverage of geographical area only Marathwadaregionall district namely Parbhani, Hingoli, Beed, Usmanabad, Latur, Nanded, Jalna and Aurangabad.

10.Period of Study:

The present study covers a period of 06 years. Primary and Secondary data will be collected for a period introduced of GST in India 1st July,2017 to March, 2023.

11. Scope and Limitation of Study:

The present study is limited to MSMEs business sector in 08 district. The study restrict all the eight districts of marathwada region namely Beed, Usmanabad, Nanded,

Latur, Parbhani, Hingoli, Jalna and Aurangabad.A survey can be conducted in all districts of marathwada region and the problems faced by those MSMEs entrepreneurs can also be identified by resolving these problems at the ground level.

12. Chapter Scheme:

1. Introduction
2. Legal Aspects of GST
3. Review of Literature& Research Methodology
4. Impact of GST on MSMEs in Marathwada region
5. Data Analysis and Interpretation
6. Suggestion and Conclusion

13. References:

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